

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6509

BILL NUMBER: HB 1092

NOTE PREPARED: Dec 29, 2003

BILL AMENDED:

SUBJECT: Aviation-Related Property or Facilities.

FIRST AUTHOR: Rep. Hinkle

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill for purposes of the laws concerning airports, provides that the term "aviation related property or facilities" means property or facilities used for purposes directly related to aviation or airport operations.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues: The state levies a small tax rate for State Fair and State Forestry. Any increase in the assessed value (AV) base will increase the property tax revenue for these two funds. A possible \$100 M increase in the tax base in Wayne Township, Marion County, would increase these revenues by \$1,200 in FY 2006 and \$2,400 per year thereafter. The bill could also result in additional revenue generated around other airports.

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, an airport authority's aviation-related property or facilities that are leased to a lessee along with any permanent structure erected by the lessee are exempt from property tax. "Aviation-related property" is currently defined as property utilized by a lessee who provides services for air carriers and passengers, for fixed base operations, for general aviation or military users, or as aviation maintenance and repair facilities.

Effective with taxes paid in CY 2006, this bill would require the property or facilities to be "directly related to aviation or airport operations" in order to qualify under the definition and therefore be exempt from

property tax.

According to the Wayne Township Assessor in Marion County, this proposal could increase the AV in Wayne Township by as much as \$100 M by removing the exemption on certain property. If \$100 M is added to the tax base in Wayne Township, approximately \$2.5 M in net property tax burden would be shifted from all taxpayers to the taxpayers that would lose exemptions. Total local revenues, except for cumulative funds, would remain unchanged. The revenue for cumulative funds would be increased by the product of the fund rate multiplied by the additional AV amount applicable to that fund.

This analysis includes only the area surrounding Indianapolis International Airport. The Indiana Department of Transportation lists 113 public use airports in Indiana.

State Agencies Affected:

Local Agencies Affected: Township assessors and county auditors.

Information Sources: Charlie Spears, Wayne Township (Marion County) Assessor, 317-273-4130; Indiana Department of Transportation Website: www.in.gov/dot/modetrans/airports/aerials.html .

Fiscal Analyst: Bob Sigalow, 317-232-9859.